

**EXHIBIT 20**

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO  
RICO,

PROMESA

Title III

as representative of

THE COMMONWEALTH OF PUERTO RICO,  
et al.,

Debtors.

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD OF PUERTO RICO,

PROMESA

Case No.

17 BK 4780-LTS

as representative of

PUERTO RICO ELECTRIC POWER AUTHORITY,  
Debtor.

(Caption continued on following page.)

\* P R O F E S S I O N A L   E Y E S   O N L Y   \*

VIDEOTAPED DEPOSITION

OF

STEPHEN J. SPENCER

New York, New York

Tuesday, October 15, 2019

Reported by:

ANNETTE ARLEQUIN, CCR, RPR, CRR, CLR

JOB NO. 169104

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<p>1 S. Spencer - Professional Eyes Only</p> <p>2 BY MR. WORTHINGTON:</p> <p>3 Q. Setting aside any legal advice</p> <p>4 that you've received from Kramer Levin, do</p> <p>5 you have an understanding of the</p> <p>6 circumstances in which a bondholder is and</p> <p>7 is not generally entitled to receive</p> <p>8 post-petition interest?</p> <p>9 A. I have a general understanding of</p> <p>10 when financial creditors, bondholder,</p> <p>11 senior lender, might be entitled to receive</p> <p>12 post-petition interest. I do have a</p> <p>13 general understanding of that.</p> <p>14 Q. Okay. And are you aware of</p> <p>15 precedence, other cases that would support</p> <p>16 the payment of post-petition interest to</p> <p>17 the ad hoc bondholders here?</p> <p>18 MR. DELL: I'm going to direct</p> <p>19 you not to answer with respect to</p> <p>20 conversations with counsel in this</p> <p>21 matter.</p> <p>22 MR. WORTHINGTON: That's fine.</p> <p>23 I'll rephrase it, actually.</p> <p>24 BY MR. WORTHINGTON:</p> <p>25 Q. Setting aside any information</p>	<p>1 S. Spencer - Professional Eyes Only</p> <p>2 that's conveyed to you by Kramer Levin, are</p> <p>3 you aware of any precedence that support</p> <p>4 the payment of post-petition interest to</p> <p>5 the ad hoc bondholders in this case?</p> <p>6 A. As I've said, I think, setting</p> <p>7 aside any conversation with counsel,</p> <p>8 setting aside this situation, as I've said,</p> <p>9 I think PREPA is a pretty impressive</p> <p>10 situation, in my professional experience.</p> <p>11 Q. I suspect I'm -- well, I'll ask</p> <p>12 another question. I can guess what the</p> <p>13 answer is going to be.</p> <p>14 But are you aware of precedence</p> <p>15 in other cases in which preplanned</p> <p>16 descriptions of the magnitude contemplated</p> <p>17 built definitive RSA were made to</p> <p>18 bondholders?</p> <p>19 MR. DELL: I'm going to direct</p> <p>20 you not to answer with respect to</p> <p>21 anything that you've learned from</p> <p>22 discussions with counsel.</p> <p>23 A. Can you ask the --</p> <p>24 MS. HALSTEAD: Also object to the</p> <p>25 form and relevance to this question.</p>
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<p>1 S. Spencer - Professional Eyes Only</p> <p>2 A. Can you ask the question again?</p> <p>3 Q. Setting aside advice that you've</p> <p>4 been given by Kramer Levin, what precedents</p> <p>5 are you aware of from other cases in which</p> <p>6 preplanned distributions of the magnitude</p> <p>7 contemplated by the RSA have been made to</p> <p>8 bondholders?</p> <p>9 A. Preplanned --</p> <p>10 MS. HALSTEAD: Same objection.</p> <p>11 A. -- distributions of the amount</p> <p>12 contemplated by the RSA?</p> <p>13 Q. Yes.</p> <p>14 A. Can you define preplanned</p> <p>15 distribution?</p> <p>16 Q. Do you have an understanding of</p> <p>17 what it means to talk about a preplanned</p> <p>18 distribution?</p> <p>19 A. So you're asking the general</p> <p>20 question or are you asking --</p> <p>21 Q. Well, do you agree that the RSA</p> <p>22 contemplates that distributions will be</p> <p>23 made to members of the ad hoc group prior</p> <p>24 to the final confirmation of a plan of</p> <p>25 adjustment in the PREPA case?</p>	<p>1 S. Spencer - Professional Eyes Only</p> <p>2 MR. DELL: Well, I'm going to</p> <p>3 direct you not to answer with respect</p> <p>4 to any communications with counsel.</p> <p>5 BY MR. WORTHINGTON:</p> <p>6 Q. No, I'm just asking as a factual</p> <p>7 matter, do you agree --</p> <p>8 MR. DELL: You asked him whether</p> <p>9 he read the RSA provision on this and</p> <p>10 what that -- to give you his</p> <p>11 understanding of it?</p> <p>12 MR. WORTHINGTON: Okay. Let's</p> <p>13 step back.</p> <p>14 BY MR. WORTHINGTON:</p> <p>15 Q. Are you familiar with the terms</p> <p>16 of the definitive RSA as a general matter?</p> <p>17 A. I'm... any understanding in</p> <p>18 any... anything related to the RSA and our</p> <p>19 understanding of the RSA, the terms of the</p> <p>20 RSA, have come through our conversations</p> <p>21 with counsel and so --</p> <p>22 Q. You have no independent</p> <p>23 understanding of how the RSA works than</p> <p>24 what Kramer Levin has told you?</p> <p>25 A. I don't think I can render a view</p>

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<p>1 S. Spencer - Professional Eyes Only</p> <p>2 of the RSA or how the RSA works independent</p> <p>3 of my discussions with counsel.</p> <p>4 Q. But as just as a matter of fact,</p> <p>5 do you have any understanding, just "yes"</p> <p>6 or "no," setting aside where it came from,</p> <p>7 just as a "yes" or "no" question, do you</p> <p>8 have an understanding whether the RSA</p> <p>9 provides for distributions to ad hoc group</p> <p>10 members prior to the confirmation of a</p> <p>11 final plan of adjustment for PREPA?</p> <p>12 A. I have a general understanding</p> <p>13 that certain distributions --</p> <p>14 MR. DELL: Well, this is a "yes"</p> <p>15 or "no" question.</p> <p>16 THE WITNESS: Yeah.</p> <p>17 A. Yes.</p> <p>18 Q. Okay. So what is your</p> <p>19 understanding -- as a factual matter,</p> <p>20 what's your understanding of the</p> <p>21 distributions that the RSA provides for to</p> <p>22 be made to the ad hoc group members prior</p> <p>23 to the confirmation of a final plan of</p> <p>24 adjustment?</p> <p>25 MR. DELL: If that understanding</p>	<p>1 S. Spencer - Professional Eyes Only</p> <p>2 is based on discussions with counsel,</p> <p>3 then I direct you not to answer.</p> <p>4 A. That understanding is based on a</p> <p>5 conversation with counsel, so I don't think</p> <p>6 I'm at liberty to address the question.</p> <p>7 Q. So do you have any independent</p> <p>8 understanding -- strike that.</p> <p>9 Has Houlihan Lokey made any</p> <p>10 analysis of its own of what payments will</p> <p>11 be made to the ad hoc group members under</p> <p>12 the RSA?</p> <p>13 A. All analysis we've done has been</p> <p>14 at the direction of counsel.</p> <p>15 Q. Okay. Do you have an</p> <p>16 understanding as to whether -- you're</p> <p>17 familiar with the fact that the RSA</p> <p>18 provides for Tranche A and Tranche B bonds?</p> <p>19 If I refer to those, do you know</p> <p>20 what I'm talking about?</p> <p>21 A. I'm familiar with Tranche A and</p> <p>22 Tranche B bonds, yes.</p> <p>23 Q. Okay. Do you have an</p> <p>24 understanding as to what the maturity of</p> <p>25 the Tranche A bonds is?</p>
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<p>1 S. Spencer - Professional Eyes Only</p> <p>2 A. I do have an understanding of the</p> <p>3 maturity, yes.</p> <p>4 Q. Do you understand the Tranche A</p> <p>5 bonds to have an open-ended maturity?</p> <p>6 A. Yes. That's my understanding.</p> <p>7 Q. Okay. Are you aware of any</p> <p>8 precedence for bonds with open-ended</p> <p>9 maturity dates?</p> <p>10 MR. DELL: I'm going to direct</p> <p>11 you not to answer with respect to</p> <p>12 discussions with counsel.</p> <p>13 MS. HALSTEAD: Objection.</p> <p>14 A. Are you asking me -- can you</p> <p>15 restate the question?</p> <p>16 Q. Setting aside any advice Kramer</p> <p>17 Levin may have given you, are you aware of</p> <p>18 any precedents in other circumstances,</p> <p>19 other restructuring scenarios, any</p> <p>20 circumstances, are you aware of any</p> <p>21 precedents for bonds that have open-ended</p> <p>22 maturities?</p> <p>23 MR. DELL: Objection to form.</p> <p>24 A. I am aware of bonds that have</p> <p>25 open-ended maturities.</p>	<p>1 S. Spencer - Professional Eyes Only</p> <p>2 Q. What examples are you aware of?</p> <p>3 A. I have a general understanding</p> <p>4 that it's a financing feature of certain</p> <p>5 bonds, tobacco, for example, that extend</p> <p>6 indefinitely depending upon the amount of</p> <p>7 cash available to pay the bond.</p> <p>8 Q. Any other examples you can think</p> <p>9 of?</p> <p>10 A. I have a general awareness that</p> <p>11 it's a feature that's used outside of</p> <p>12 tobacco bonds in other aspects of the</p> <p>13 municipal market.</p> <p>14 Q. What aspects of the municipal</p> <p>15 market are you aware of that use open-ended</p> <p>16 bonds?</p> <p>17 A. I don't know specific instances,</p> <p>18 but I do understand it to be the financing</p> <p>19 feature of certain bonds in the mini</p> <p>20 market.</p> <p>21 Q. Okay. But you're not -- can you</p> <p>22 give me any details about who the issuers</p> <p>23 were or what the circumstances of those</p> <p>24 bonds were?</p> <p>25 A. Outside of the tobacco bonds</p>

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<p>1 S. Spencer - Professional Eyes Only 2 which I mentioned? 3 Q. Other than the tobacco bonds. 4 A. I can't specifically reference, 5 but my understanding is that there may be 6 some others. 7 Q. Got it. Okay. 8 MR. WORTHINGTON: Let's take a 9 few-minute break. 10 THE VIDEOGRAPHER: The time is 11 10:45 a.m. Going off the record. 12 (Recess is taken.) 13 THE VIDEOGRAPHER: The time is 14 11:04 a.m. We are on the record. 15 BY MR. WORTHINGTON: 16 Q. Welcome back, Mr. Spencer. 17 Right before we broke, you said 18 you were generally aware that in the 19 municipal bond markets, there are other 20 bonds with open-ended maturities, but you 21 weren't aware of any specifics. 22 Is that right? 23 MR. DELL: Objection to form. 24 A. So I think I indicated that I 25 believed tobacco bonds to be an</p>	<p>1 S. Spencer - Professional Eyes Only 2 illustration. So whether that's a specific 3 bond or example, I'm not sure whether 4 that's -- 5 Q. Okay. But other than tobacco 6 bonds, you testified you believe there may 7 be open-ended maturity bonds in the 8 municipal markets, but you weren't aware of 9 specific issuers or details about any such 10 open-ended bonds; is that right? 11 MR. DELL: Objection to form. 12 A. So what I've responded is I 13 believe it to be a financing -- a bond type 14 that exists in the mini market, and I cited 15 tobacco bonds, but there may be others. 16 Q. Do you know if there are any 17 power revenue bonds that have open-ended 18 maturities? 19 A. I'm personally -- I'm personally 20 not familiar with any. 21 Q. Okay. How about water or sewer 22 bonds that have open-ended maturities, were 23 you aware of any? 24 A. To the best of my knowledge, no. 25 Q. Okay. Or highway bonds that have</p>
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<p>1 S. Spencer - Professional Eyes Only 2 open-ended -- highway bonds, are you aware 3 of any that have open-ended maturities? 4 A. I'm not a municipal market 5 expert, but to the best of my knowledge, 6 no. 7 Q. Okay. Is it your understanding 8 that PREPA's legacy bonds are secured only 9 by PREPA's net revenues from its electric 10 generation and distribution system as well 11 as reserve accounts held by the trustee? 12 MS. HALSTEAD: Objection. Form. 13 A. So my understanding of the bonds 14 comes from communication with, comes from 15 communication with counsel. 16 MR. WORTHINGTON: Let me have Tab 17 17, please. 18 (Spencer Exhibit 5, Document 19 entitled "Testimony of Stephen J. 20 Spencer, March 22, 2017, to the U.S. 21 House Committee on Natural Resources, 22 Subcommittee on Indian, Insular, and 23 Alaska Native Affairs", not 24 Bates-stamped, marked for 25 identification, as of this date.)</p>	<p>1 S. Spencer - Professional Eyes Only 2 BY MR. WORTHINGTON: 3 Q. We've marked as Spencer 4 Exhibit 5, a document entitled "Testimony 5 of Stephen J. Spencer, March 22, 2017, to 6 the U.S. House Committee on Natural 7 Resources, Subcommittee on Indian, Insular, 8 and Alaska Native Affairs." 9 Is that the document that you 10 have in front of you? 11 A. Yes. 12 Q. Okay. Is this your testimony 13 that you provided to the House of -- U.S. 14 House of Representatives on March 22 of 15 2017? 16 A. Would you like me to read it? 17 Q. Look at it as much as you needed 18 to to satisfy yourself that is, in fact, 19 the testimony that you provided to the 20 House of Representatives. 21 A. Yes, I believe it to be the 22 testimony I provided. 23 Q. Okay. Can you turn to page 3, 24 please? 25 (Witness complies.)</p>

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<p>1 S. Spencer - Professional Eyes Only</p> <p>2 Q. The bottom of page 3, you see it</p> <p>3 says, "PREPA has issued approximately</p> <p>4 8.3 billion of outstanding revenue bonds to</p> <p>5 the public"?</p> <p>6 A. I see that, yes.</p> <p>7 Q. Okay. And that refers to the</p> <p>8 PREPA legacy bonds that are being</p> <p>9 restructured in the definitive RSA,</p> <p>10 correct?</p> <p>11 A. That's correct, yes.</p> <p>12 Q. And the next sentence says, "The</p> <p>13 bonds are secured by PREPA's net revenues</p> <p>14 from electric generation and distribution</p> <p>15 system, as well as reserve accounts held by</p> <p>16 the trustee."</p> <p>17 Is that right?</p> <p>18 A. That's what it says, yes.</p> <p>19 Q. And is that the testimony that</p> <p>20 you provided to the House of</p> <p>21 Representatives back in 2017?</p> <p>22 A. This appears to be the testimony,</p> <p>23 that's correct.</p> <p>24 Q. Was that an accurate statement,</p> <p>25 to the best of your knowledge, at the time</p>	<p>1 S. Spencer - Professional Eyes Only</p> <p>2 that you made it?</p> <p>3 A. To the best of my knowledge, that</p> <p>4 was an accurate statement.</p> <p>5 Q. Okay. And this nowhere refers to</p> <p>6 any security interest of the PREPA bonds in</p> <p>7 gross revenues of PREPA; it refers to a net</p> <p>8 revenue security interest, correct?</p> <p>9 MS. HALSTEAD: Objection to form.</p> <p>10 A. That's the way the language</p> <p>11 reads, yes.</p> <p>12 Q. Okay. And was that language,</p> <p>13 when you wrote that language and submitted</p> <p>14 it to the House of Representatives, you did</p> <p>15 that because you believed it was accurate,</p> <p>16 right?</p> <p>17 A. I believed it was accurate, yes.</p> <p>18 Q. Do you have any reason today to</p> <p>19 question its accuracy?</p> <p>20 A. I believe this still to be an</p> <p>21 accurate representation.</p> <p>22 Q. Okay. When do you believe the</p> <p>23 Tranche A notes will be fully paid off?</p> <p>24 A. So we provided an analysis of the</p> <p>25 Tranche A notes to counsel and at the</p>
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<p>1 S. Spencer - Professional Eyes Only</p> <p>2 direction of counsel.</p> <p>3 I'm not able, I think -- I'm not</p> <p>4 able to address that question.</p> <p>5 Q. Do you have any non-privileged</p> <p>6 expectations with respect to the payment</p> <p>7 timing of the Tranche A notes?</p> <p>8 MR. DELL: Objection to form.</p> <p>9 A. We've provided an analysis to</p> <p>10 counsel about our expectations relating to</p> <p>11 payment of the A bonds.</p> <p>12 Q. Let me ask a different question.</p> <p>13 Do you believe -- as the ad hoc</p> <p>14 group's financial adviser, do you believe</p> <p>15 there's any risk that the Tranche A notes</p> <p>16 may not be repaid, may not be fully repaid?</p> <p>17 A. Let me speak independent of our</p> <p>18 analysis provided to Kramer Levin and at</p> <p>19 the direction of Kramer Levin, I believe</p> <p>20 that there is a risk that the A notes might</p> <p>21 not be repaid.</p> <p>22 Q. Can you quantify that risk that</p> <p>23 the A notes may not be repaid?</p> <p>24 A. It is a -- could I quantify it?</p> <p>25 Based on a number of macro assumptions, I</p>	<p>1 S. Spencer - Professional Eyes Only</p> <p>2 believe you can assess that risk.</p> <p>3 Q. Do you believe -- can you make</p> <p>4 any estimate of the likelihood that the</p> <p>5 tranche -- let me ask that differently.</p> <p>6 Sitting here right now, can you</p> <p>7 make any, even approximate, estimation of</p> <p>8 the likelihood that the Tranche A notes</p> <p>9 will not be repaid?</p> <p>10 MR. DELL: And you're asking</p> <p>11 independent of his --</p> <p>12 BY MR. WORTHINGTON:</p> <p>13 Q. Independent of advice Kramer</p> <p>14 Levin has given you.</p> <p>15 A. Independent of the work that we</p> <p>16 have done for Kramer Levin, sitting here</p> <p>17 right now, I think it would be very</p> <p>18 difficult for me to render that view. It's</p> <p>19 based on --</p> <p>20 Q. Greater or less than 10 percent?</p> <p>21 A. I'm not in a position to quantify</p> <p>22 it sitting here right now.</p> <p>23 Q. And what was the purpose -- you</p> <p>24 said you -- you said you've prepared</p> <p>25 repayment analysis at the request of Kramer</p>

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<p>1 S. Spencer - Professional Eyes Only 2 Levin; is that right? 3 A. That's correct. 4 Q. And what -- do you have any 5 understanding of what legal advice those 6 repayment analyses were ultimately prepared 7 in support of? 8 MR. DELL: You can answer "yes" 9 or "no," but not go into the substance. 10 A. Yes. 11 Q. Have you provided any business 12 advice to the ad hoc group members in 13 connection with the negotiation of the 14 PREPA RSA? 15 A. Independent of conversations that 16 occurred with counsel, I don't -- I don't 17 recall specific business advice. 18 Q. Has Houlihan Lokey provided any 19 advice to the ad hoc group over the last 20 five years that wasn't relayed through 21 counsel or provided at the request of 22 counsel? 23 A. I don't recall specific instances 24 of advice that was provided to the ad hoc 25 group independent of Kramer Levin or not at</p>	<p>1 S. Spencer - Professional Eyes Only 2 the direction of Kramer Levin. 3 Q. Over the course of the five-year 4 engagement, has Houlihan Lokey had any 5 communications with the ad hoc bondholders 6 that Kramer Levin didn't participate in? 7 A. From time to time, we've had 8 conversations with individual ad hoc group 9 members. 10 Q. What kinds of subjects have you 11 discussed with the individual ad hoc group 12 members? 13 A. I don't recall specific 14 conversations. 15 Q. Have you ever had a discussion 16 with an ad hoc group about the expected 17 value of the notes that would be provided 18 as a result of the definitive RSA? 19 A. To the best of my knowledge, any 20 such conversation would have stemmed from 21 analysis that we had done at the direction 22 of Kramer Levin. 23 Q. Was the purpose of that analysis 24 to allow Kramer Levin to provide legal 25 advice or for Houlihan Lokey to provide</p>
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<p>1 S. Spencer - Professional Eyes Only 2 business advice as to the expected value of 3 the notes that would result from the PREPA 4 RSA? 5 A. Can you restate the question? 6 Q. Yeah. Let's step back. 7 You testified that Houlihan Lokey 8 had performed analyses of the expected 9 value of the Tranche A and Tranche B notes 10 under the RSA; is that right? This is a 11 "yes" or "no." 12 A. Yes, we have. 13 Q. Okay. And you've also testified 14 that you performed those analyses at the 15 request of Kramer Levin; is that right? 16 A. That's correct. 17 Q. Okay. Have you performed any 18 analyses of the value of the Tranche A and 19 Tranche B notes that were not at the 20 request of Kramer Levin? 21 A. To the best of my knowledge, we 22 have not. 23 Q. So was the purpose of the 24 analyses that you've provided regarding the 25 expected value of the Tranche A and Tranche</p>	<p>1 S. Spencer - Professional Eyes Only 2 B notes to allow the ad hoc group members 3 to understand the expected value of the 4 notes that they will receive if the 5 restructuring goes forward? 6 A. Yes, I believe that was the 7 purpose. 8 Q. Okay. What was your analysis of 9 the expected value of the Tranche A and 10 Tranche B notes to the ad hoc group 11 members? 12 A. We provided that analysis to 13 counsel. 14 MR. WORTHINGTON: Mike, can we 15 talk offline? 16 Let's go off the record for a 17 minute. 18 THE VIDEOGRAPHER: The time is 19 11:15 a.m. Going off the record. 20 (Recess is taken.) 21 (Discussion off the record.) 22 THE VIDEOGRAPHER: The time is 23 11:18 a.m. We are back on the record. 24 BY MR. WORTHINGTON: 25 Q. Do you have an understanding of</p>

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<p>1 S. Spencer - Professional Eyes Only</p> <p>2 Q. And that call protection term was</p> <p>3 added at the request of the ad hoc group</p> <p>4 bondholders, right, the ad hoc group</p> <p>5 members?</p> <p>6 A. I don't recall specifically. I</p> <p>7 believe that to be the case.</p> <p>8 MR. WORTHINGTON: Let's mark Tab</p> <p>9 18.</p> <p>10 (Spencer Exhibit 7, Email chain</p> <p>11 beginning with email dated 6/22/18 from</p> <p>12 IICG-MKTS to Mondell and others with</p> <p>13 attachments, Bates-stamped</p> <p>14 CGMIRSA_002269 through 2276, marked for</p> <p>15 identification, as of this date.)</p> <p>16 BY MR. WORTHINGTON:</p> <p>17 Q. We're going to come back to</p> <p>18 Spencer 6. Skip ahead to Spencer 7 now.</p> <p>19 So this is an email first Bates</p> <p>20 No. CGMIRSA002269 which is a June 22, 2018,</p> <p>21 email that attached a presentation</p> <p>22 entitled, "PREPA Discussion Materials AHG</p> <p>23 Counter, June 21, 2018."</p> <p>24 Do you see that?</p> <p>25 A. I do, yes.</p>	<p>1 S. Spencer - Professional Eyes Only</p> <p>2 Q. Okay. If you go to 4 of the</p> <p>3 presentation, page Bates 2273.</p> <p>4 Have you seen this document</p> <p>5 before?</p> <p>6 A. I don't recall.</p> <p>7 Q. If you turn to page 4, you'll see</p> <p>8 a section called "Call protection."</p> <p>9 (Witness complies.)</p> <p>10 Q. And you see it refers to "Citi</p> <p>11 June 2018 Discussion Materials, call</p> <p>12 protection not covered," and then "AHG</p> <p>13 counter," and then it includes call</p> <p>14 protection terms.</p> <p>15 Does this accurately reflect the</p> <p>16 negotiating positions of the parties at</p> <p>17 this time with respect to a call protection</p> <p>18 term in the RSA that was under negotiation?</p> <p>19 A. I don't recall. I have no reason</p> <p>20 to believe it doesn't, but I don't recall.</p> <p>21 Q. Okay. So when you look at this,</p> <p>22 does it refresh any recollections about the</p> <p>23 negotiations that went on with respect to a</p> <p>24 call protection term?</p> <p>25 A. Yes.</p>
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<p>1 S. Spencer - Professional Eyes Only</p> <p>2 Q. Oh, it does? Okay.</p> <p>3 What recollections does this</p> <p>4 refresh for you?</p> <p>5 A. Merely that there was some</p> <p>6 back-and-forth discussion of the issue.</p> <p>7 Q. And you agree this document</p> <p>8 indicates that -- sorry, strike that.</p> <p>9 The original Citi June 2018</p> <p>10 discussion materials, does that refer to</p> <p>11 the starting position in the negotiations</p> <p>12 that ultimately culminated in the</p> <p>13 preliminary RSA?</p> <p>14 A. I don't recall.</p> <p>15 Q. Okay. Is it at least -- would</p> <p>16 this at least reflect an early position</p> <p>17 from the government parties in connection</p> <p>18 with the negotiations that ultimately</p> <p>19 culminated in the preliminary RSA?</p> <p>20 A. I think that's correct.</p> <p>21 Q. Okay. And is it fair to read the</p> <p>22 ad hoc group counter as the counter by your</p> <p>23 side of the negotiation to that early Citi</p> <p>24 proposal with respect to an RSA?</p> <p>25 A. That's what this presentation</p>	<p>1 S. Spencer - Professional Eyes Only</p> <p>2 suggests.</p> <p>3 Q. Do you have any reason to believe</p> <p>4 that it's incorrect?</p> <p>5 A. I have no reason to believe --</p> <p>6 no, I don't.</p> <p>7 Q. Okay. So this indicates that the</p> <p>8 ad hoc group requested a call protection</p> <p>9 provision, correct?</p> <p>10 MR. WORTHINGTON: Can whoever is</p> <p>11 on the phone please mute?</p> <p>12 A. Can you restate the question?</p> <p>13 Q. This indicates that it was the ad</p> <p>14 hoc group that requested a call protection</p> <p>15 provision in the RSA, correct?</p> <p>16 A. This presentation suggests that's</p> <p>17 the case, yes.</p> <p>18 Q. Okay. And you have no reason to</p> <p>19 doubt that that's accurate?</p> <p>20 A. No.</p> <p>21 Q. Okay. So why did the ad hoc</p> <p>22 group request a call protection term?</p> <p>23 A. I don't recall specifically.</p> <p>24 Q. As a "yes" or "no" question, has</p> <p>25 the ad hoc group performed any analysis</p>

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<p>1 S. Spencer - Professional Eyes Only 2 placing a value on a call protection term 3 in the RSA? 4 A. I don't recall. 5 Q. Absent a call protection term, 6 has the ad hoc group performed any analysis 7 of the likelihood that the restructured 8 PREPA bonds would otherwise be called by 9 PREPA during their term? 10 A. I don't recall. 11 Q. Do you have any idea what value, 12 if any, the ad hoc group places on the call 13 protection term in the definitive RSA that 14 ultimately was included in the definitive 15 RSA? 16 A. No, I don't. 17 Q. Does a call protection term have 18 value if the PREPA bonds that are issued as 19 a result of the restructuring trade at a 20 premium to par, or does it only have value 21 if they trade at a discount to par? 22 MR. DELL: Objection to form. 23 A. You're asking does the call 24 protection -- 25 Q. Let me ask you a different</p>	<p>1 S. Spencer - Professional Eyes Only 2 question. 3 Does the value of the call 4 protection turn on whether the PREPA 5 restructured PREPA bonds trade at a 6 discount or premium to par? 7 A. Not exactly. 8 Q. Are they correlated? 9 A. There's a -- I believe there to 10 be a correlation. 11 Q. Okay. So has the ad hoc group 12 performed any analysis of the relationship 13 between the expected premium or discount to 14 par of the restructured PREPA bonds and the 15 call protection terms that are included in 16 the definitive RSA? 17 A. I don't believe I can answer that 18 question as you stated it. 19 Q. Because of privilege or because 20 you don't understand the question? 21 A. For two reasons. One, I don't 22 understand the question; and, two, 23 ultimately I can't answer it because any 24 analysis we've done -- 25 Q. Well, you can answer it "yes" or</p>
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<p>1 S. Spencer - Professional Eyes Only 2 "no." I'm not asking you to explain the 3 analysis. 4 A. Yeah. 5 Q. I'm just asking if an analysis 6 has been done. So let's step back. 7 A. And what specific analysis? 8 Because I think you asked whether there 9 were two -- 10 Q. So let me step back. 11 My question is, had the ad hoc 12 group performed an analysis of the 13 relationship between the expected premium 14 or discount to par of the restructured 15 PREPA bonds and the value of any call 16 protection terms that are included in the 17 definitive RSA? 18 A. I don't recall. 19 Q. So what is the correlation 20 between the value of -- what would the 21 correlation be between the value of call 22 protection and the trading price of the 23 bonds, the PREPA bonds? 24 A. So the call provision has an 25 independent theoretical value attached to</p>	<p>1 S. Spencer - Professional Eyes Only 2 it. The actual value is a function of 3 where the bonds trade on a post-reorg basis 4 after they're issued. 5 Q. And so directionally, what is the 6 correlation between the theoretical value 7 of the call provision and the trading price 8 of the bonds on a post-reorganized basis? 9 A. So on a post-reorg basis, if the 10 bonds trade at a premium, then the call 11 protection has value. If they trade at a 12 discount to face, then, in actuality, it 13 wouldn't have value. 14 Q. Okay. Have you performed any 15 analysis comparing the restructure, the 16 anticipated restructure PREPA notes with 17 the COFINA bonds? 18 A. I don't recall. 19 Q. Do you have any understanding of 20 what yield the COFINA bonds currently pay? 21 A. I don't -- sitting here today, I 22 don't have an understanding of what they 23 pay. 24 Q. Do you know if they're trading 25 above or below 5 percent yield?</p>

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<p>1 S. Spencer - Professional Eyes Only</p> <p>2 A. I don't.</p> <p>3 Q. Do you believe that there's</p> <p>4 any -- strike that.</p> <p>5 Do you believe that the COFINA</p> <p>6 bonds are a meaningful benchmark, the yield</p> <p>7 of the COFINA bonds is a meaningful</p> <p>8 benchmark in evaluating the appropriateness</p> <p>9 of the yield of the reorganized PREPA</p> <p>10 bonds?</p> <p>11 MS. HALSTEAD: Objection to form.</p> <p>12 Relevance.</p> <p>13 A. I can't render a view of -- it</p> <p>14 hinges on your use of the term</p> <p>15 "meaningful." I believe it's a benchmark.</p> <p>16 It's a potential benchmark.</p> <p>17 Q. Are you aware of risks relating</p> <p>18 to the Tranche A notes that would justify a</p> <p>19 higher coupon rate on the -- strike that.</p> <p>20 Are you aware of risks relating</p> <p>21 to the Tranche A notes that would justify a</p> <p>22 higher yield in the Tranche A notes than in</p> <p>23 the COFINA bonds?</p> <p>24 MS. HALSTEAD: Objection. Form.</p> <p>25 Relevance.</p>	<p>1 S. Spencer - Professional Eyes Only</p> <p>2 A. It's a difficult question for me</p> <p>3 to answer. I'm aware of distinct and</p> <p>4 unique risks affecting the A bonds. And</p> <p>5 how that compares to COFINA, it's unclear.</p> <p>6 Q. What are the risks that you</p> <p>7 believe confront the Tranche A bonds?</p> <p>8 A. There is an a range of potential</p> <p>9 risks that confront the Tranche A bonds.</p> <p>10 Q. Can you give me a quick summary</p> <p>11 list of the risks you believe are</p> <p>12 meaningful in evaluating the Tranche A</p> <p>13 bonds?</p> <p>14 A. I can highlight a few.</p> <p>15 Q. Sure. Why don't you highlight</p> <p>16 the ones that you view as important.</p> <p>17 A. One is the macroeconomy in Puerto</p> <p>18 Rico.</p> <p>19 Q. Okay.</p> <p>20 A. Another potential risk factor is</p> <p>21 electricity consumption.</p> <p>22 A third is the interplay between</p> <p>23 those first two critical factors. Those</p> <p>24 would be three off the top of my head.</p> <p>25 Q. Are there other risks that you're</p>
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<p>1 S. Spencer - Professional Eyes Only</p> <p>2 aware of which you believe are relevant to</p> <p>3 the Tranche A, the contemplated Tranche A</p> <p>4 COFINA -- sorry, PREPA bonds?</p> <p>5 A. I believe there to be a number of</p> <p>6 potential risks, yes.</p> <p>7 Q. What are the other ones that you</p> <p>8 believe are material?</p> <p>9 A. As we've seen, potential</p> <p>10 weather-related disruption in the provision</p> <p>11 of electric service.</p> <p>12 Q. Okay. Others?</p> <p>13 A. The implementation independent of</p> <p>14 PREPA of distributed generation at the</p> <p>15 retail and commercial level.</p> <p>16 Q. So you believe implementation</p> <p>17 independent of PREPA of distributed</p> <p>18 generation would be a positive or a</p> <p>19 negative for the Tranche A bonds?</p> <p>20 A. I believe that could potentially</p> <p>21 be a negative. It would remain -- it's</p> <p>22 dependent on a number of factors.</p> <p>23 Q. Okay. Are there other risks?</p> <p>24 You were running through a list of risks.</p> <p>25 Are there other risks that you</p>	<p>1 S. Spencer - Professional Eyes Only</p> <p>2 would include in the list of potentially</p> <p>3 significant risks affecting the COFINA A</p> <p>4 bonds -- I'm sorry. Strike that. Let me</p> <p>5 take that from the top.</p> <p>6 Are you aware of other</p> <p>7 potentially significant risks potentially</p> <p>8 affecting the PREPA bonds?</p> <p>9 A. Those are some of the more</p> <p>10 prominent risks. We could continue the</p> <p>11 exercise, but I guess I'd stop there unless</p> <p>12 you want to continue.</p> <p>13 Q. Well, if we're trying to capture</p> <p>14 the risk that you view as significant, are</p> <p>15 there additional risks that you view as</p> <p>16 significant risks that you haven't</p> <p>17 mentioned?</p> <p>18 A. One is the -- another potentially</p> <p>19 significant risk is the interrelationship</p> <p>20 between the Commonwealth and the Federal</p> <p>21 Government, particularly as that affects</p> <p>22 funding to municipal agencies like PREPA.</p> <p>23 Q. Okay. Are there other risks that</p> <p>24 you would include in the list of your list</p> <p>25 of potentially significant risks affecting</p>